

FISCAL NOTE

SB 742 - HB 1094

March 5, 2003

SUMMARY OF BILL: Authorizes a municipality to issue bonds to finance the cost of acquisition of electrical power purchased from the Tennessee Valley Authority or similar government agency on a current or long-term pre-paid purchase basis. Provides for the municipality to pledge an amount of revenues from public works sufficient to pay the bonds and interest. Specifies that the municipality may include in the cost of the acquisition of electrical power the estimated costs of the issuance of the bonds, engineering, inspection, fiscal and legal expenses.

ESTIMATED FISCAL IMPACT:

Local Govt. Expenditures - Net Impact - Not Significant

Estimate assumes:

- to the extent a municipality chooses to issue bonds to purchase electrical power on a pre-paid basis, it will experience an increase in expenditures for the administrative and interest costs associated with the issuance of the bonds.
- costs associated with the issuance of the bonds will be recovered from consumers of the municipal power company.
- purchasing electrical power on a pre-paid basis will result in significant savings to the municipal electric service over the term of the contract with the power provider compared to what would have been spent in the absence of the contract.
- the savings experienced by the municipal electric service will be passed on to consumers through the stabilization of rates over the term of the contract that would have gone up had the power not been purchased on a pre-paid basis.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director